

**PIERCE COUNTY HOUSING AUTHORITY**  
**Pierce County, Washington**  
**July 1, 1993 Through June 30, 1994**

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**Schedule Of Federal Findings**

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1. General Ledger Internal Controls Should Be Improved

During our audit, we found internal controls over the housing authority's general ledger system were not adequate to ensure the safeguarding of assets and accuracy of accounting information. While we noted substantial improvements from the prior year, we still found weaknesses which affected the housing authority's ability to prepare accurate year-end reports, including weaknesses pertaining directly to Section 8 Programs.

While performing our audit of the Section 8 certificate and voucher programs, we discovered several "correcting" adjustments that had limited, if any, documentation supporting the adjustments made to the July 1, 1993 beginning balances. These adjustments were made by the internal auditor who discovered the general ledger balances for fiscal years 1992 and 1993 were unreliable and did not agree to HUD figures for the same programs. Consequently, an adjustment of \$77,726.90 was made to the Cumulative HUD Annual Contributions account for the certificate program and a \$304,711.57 adjustment was made the Cumulative HUD Annual Contributions account for the voucher program for July 1, 1994. These adjustments caused the general ledger to "tie out" to the HUD figures. However, in examining these adjustments, it was impossible to determine where the charges that may have precipitated these adjustments originated.

We also found other weaknesses not pertaining to the Section 8 programs, which included:

- a. Transactions were posted to the incorrect fiscal period. Such incorrect postings resulted in numerous prior period adjustments to current year figures.
- b. No computer controls to prevent transaction posting dates from differing from the actual calendar day of posting.

Housing authority officials have been in the process of upgrading their computerized accounting systems and procedures for the past few years. Additionally, there has been staff turnover in key accounting positions in the finance department.

When internal controls for the general ledger systems are weak, the risk increases that errors or irregularities could go undetected for some time. Also, the ability to prepare accurate and timely financial information is greatly impaired.

We recommend housing authority officials correct the weaknesses noted.

We also recommend housing authority officials develop adequate internal controls for the general ledger system which will permit accurate financial information and reporting.